

**Department of Personnel Administration
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Transfer Lump-Sum Separation Pay and 457 Catch-Up Contributions	REFERENCE NUMBER: 2008-036
DATE ISSUED: 11/10/08	SUPERSEDES:

This memorandum should be forwarded to:

**Personnel Transaction Staff
Personnel Transaction Supervisors
Personnel Officers
Employee Benefit Officers**

FROM: Department of Personnel Administration
Savings Plus Program

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The "Request to Transfer Lump-Sum Separation Pay Booklet" is now published. You may get the booklet from our website **SPPforU.com** under the "forms and publications" tab. All previous versions are obsolete and should be destroyed.

We're providing you information on an employee's ability at separation to transfer lump sum separation pay to their Savings Plus account and guidance on an employee's ability to use the Catch-up provision and increase their deferral into the 457 plan. We hope this information will assist you in processing your employees' requests.

What's Transfer of Lump Sum Separation Pay?

At separation employees are eligible to cash out their leave credits. In lieu of cash, the employee may transfer their pay into an existing Savings Plus account. The employee may extend their Savings Plus deferrals into the following tax year only if their separation date is on or after November 1.

What's Catch-up?

Catch-up allows employees to increase tax deferred contributions, up to double the 457 Plan annual limit. It only applies to the 457 plan. Employees who didn't contribute the annual maximum in previous tax years may be eligible to participate. Eligibility only applies to the time employed with the State of California.

What's new with Catch-up?

Employees can now participate in catch-up the year they retire. Employees can also use their lump sum separation pay towards their catch-up contributions. Catch-up contributions are subject to Savings Plus approval. The employee must submit to you their SPP approved Catch-up worksheet (SPP-457CW) and their lump sum application (NRM 4074CA.2). Include the worksheet and application when you submit the Personnel Action Request (PAR)- Separation (STD 680) to SCO for a request to transfer lump-sum.

Can I modify an employees' Transfer of Lump Sum Separation Pay application?

No. Don't modify the application without employee consent. As a courtesy, you can confirm the annual limits and the year-to-date amount that the employee has already contributed. However, it's the employee's responsibility to ensure their contributions don't exceed the annual limits.

/s/Michelle Berklacich

Michelle Berklacich, Administrator
Savings Plus Program